

TennCare
175% DSH Proposals
(based on 4/25/03 discussions)

Projected payments reflected in Budget Neutrality Schedule submitted 4/1/03:

	FY 2004		FY 2005	
	Total Computable	Federal	Total Computable	Federal
CPE	\$324,534,200	\$209,154,179	\$340,760,900	\$219,611,881
Hospital Payments ¹	\$100,000,000	\$64,447,500	\$100,000,000	\$64,447,500
Total	\$424,534,200	\$273,601,679	\$440,760,900	\$284,059,381

Proposal I - Tennessee proposes that it be able to claim 175% of total uncompensated care for all public hospitals. Amounts in excess of what is currently claimed using the current CPE calculation would be used to make DSH-like payments back to the hospitals. Tennessee also proposes that the payments be made directly to the hospitals.

	FY 2004		FY 2005	
	Total Computable	Federal	Total Computable	Federal
CPE ²	\$324,534,200	\$209,154,179	\$340,760,900	\$219,611,881
@ 175%	\$567,934,850	\$366,019,812	\$596,331,575	\$384,320,792
DSH Payment³	\$243,400,650	\$156,865,634	\$255,570,675	\$164,708,911

Proposal II - CMS had suggested, as an alternative to Proposal I, that Tennessee be able to claim 175% of total uncompensated care for all public hospitals, but limited to the DSH estimates included in the original Budget Neutrality calculations. Amounts in excess of what is currently claimed using the current CPE calculation would still be used to make DSH-like payments back to the hospitals. These payments would be made directly to the hospitals. The Federal share of this amount will be retained by the hospital.

	FY 2004		FY 2005	
	Total Computable	Federal	Total Computable	Federal
CPE ²	\$324,534,200	\$209,154,179	\$340,760,900	\$219,611,881
@ 175%	\$567,934,850	\$366,019,812	\$596,331,575	\$384,320,792
DSH Pymt (prior to adj.)	\$243,400,650	\$156,865,634	\$255,570,675	\$164,708,911
Less:				
Amount in excess of BN DSH	(\$144,804,211)	(\$93,322,694)	(\$163,149,790)	(\$105,145,961)
Adj. DSH Payment	\$98,596,439	\$63,542,940	\$92,420,885	\$59,562,950

¹ The hospital payments amounts were included in the 4/1/03 budget neutrality schedules for projection purposes only as Essential Access Hospital payments. Funding is currently not available to make these payments as essential access hospital payments in SFY04.

² CPE is used as a proxy for 100% of uncompensated care for all public hospitals.

³ Although the DSH payment amounts calculated above would exceed current Budget Neutrality projections, if Tennessee receives approval to make such payments, other reduction will be made to bring Budget Neutrality in line for the life of the 5 year waiver.